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W. AXL ROSE

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES – WEST DISTRICT

SAUL HUDSON p/k/a SLASH, an individual, and MICHAEL McKAGAN p/k/a DUFF, an individual, individually and on behalf of GUNS N' ROSES, a California General Partnership,

Plaintiffs,

v.

W. AXL ROSE, an individual; and DOES 1 through 40, inclusive

Defendants.

W. AXL ROSE, an individual,

Cross-Complainant,

v.

SAUL HUDSON, an individual, and MICHAEL McKAGAN, an individual, and ROES 1 through 50, inclusive,

Cross-Defendants.

Case No. SC081543

Assigned to the Honorable Patricia L. Collins, Dept. B

CROSS-COMPLAINT FOR:

(1) DECLARATORY RELIEF;

(2) BREACH OF CONTRACT

Complaint Filed: April 29, 2004

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Cross-Complainant W. Axl Rose ("Rose") alleges as follows:

I. INTRODUCTION

1. This case arises from the cynical attempt by Saul Hudson ("Hudson") and Michael McKagan ("McKagan") to cast aside respect for devoted and sophisticated fans and strip mine the legacy of one of the most important bands in rock and roll history solely to make more money. Once part of a musical group whose blistering songs and aggressive, unapologetic style captured the essence of a true rock band, the former Guns N' Roses ("GN'R") members have sued Axl Rose because he prevented them from licensing their songs to movie classics such as "Just Married" starring Ashton Kutcher and Brittany Murphy and Robin Williams' "Death to Smoochy." No longer members of GN'R, Hudson and McKagan have taken lust for money to a new low. This naked greed exposes their utter contempt for Guns N' Roses' music and its fans and helps explain why the original GN'R could no longer function.

2. It is an inevitable fact of life in the music business that huge success creates an atmosphere where even the most rebellious bands become embroiled in corporate decision making. In the early days of GN'R, all members thought it important to stay true to the spirit of their music and thus limit its commercialization. To ensure this, decisions regarding licensing required the approval of both Rose and Hudson; if the two disagreed, the band's then-manager Doug Goldstein would resolve the issue. Years later, in 1999, Hudson and McKagan announced that all decisions to grant music licenses would have to be made unanimously, giving each member the right to veto what they considered to be an inappropriate use of Guns N' Roses music. This agreement was confirmed in writing by McKagan's own lawyer. (Exhibit A)

3. Due to its astonishing musical success, Guns N' Roses has become a multi-million dollar brand, like The Beatles and The Rolling Stones. Rose, the band's founder, lead singer, and the only original member today appearing as a member of GN'R, is enthusiastic about licensing Guns N' Roses music to appropriate ventures. He does, however, recognize that the goodwill that the band worked hard to build over the years is a valuable asset and that decisions relating to commercialization of the band's music can either enhance or diminish that goodwill. Rose has

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strived to find the balance between generating income from the band's music and devaluing the Guns N' Roses brand and alienating and disrespecting the bands' fans. On the other hand, having left the band, Hudson and McKagan have stopped pretending they care about anything other than money and apparently seek to call attention to their "make believe" Guns N' Roses through a frivolous lawsuit.

4. This lawsuit is just another in a long line of public relations stunts by Hudson to resuscitate his career by disparaging Rose. Try as he may to revise Guns N' Roses history through his complaint in this matter, Hudson cannot escape the fact that it was he (a) who announced publicly that he was leaving GN'R, (b) who refused to cooperate in replacing band members to replace the individuals that he maneuvered out of GN'R, and (c) who refused to work with the band to create songs for a new GN'R album. The claims in the complaint have no factual or legal support and should be rejected. Indeed, it is Hudson and McKagan that have breached their contract with Rose and should be forced to pay for any damage caused by their improper attempts to rip off the band's fans and trash its music.

II. THE PARTIES

5. Cross-Complainant Rose is an individual residing in Los Angeles County, California.

6. Cross-Defendant Saul Hudson is an individual residing in Los Angeles County, California.

7. Cross-Defendant Michael McKagan is an individual residing in Seattle, Washington.

8. Rose is unaware of the true names and capacities of the Cross-Defendants named as ROES 1 through 50, inclusive, and therefore sues the ROE Cross-Defendants by such fictitious names. Rose will seek leave to amend this cross-complaint to allege the Cross-Defendants' true names and capacities, together with such other allegations as are appropriate, when they are ascertained.

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9. Rose is informed and believes, and on that basis alleges, that each of the Cross-Defendants is, and at all relevant times was, the agent of the other Cross-Defendants in performing the acts alleged. Rose is further informed and believes, and on that basis alleges, that each of the Cross-Defendants has pursued a common course of conduct and aided and abetted one another to accomplish the acts alleged; and each, therefore, is legally responsible for the acts of the other.

FIRST CAUSE OF ACTION

(Declaratory Relief against all Cross-Defendants)

10. Rose hereby incorporates by reference each and every allegation contained in paragraphs 1 through 9 as though fully set forth herein.

11. Despite the absurd suggestion in Cross-Defendants' complaint that Rose has no authority to make decisions relating to Guns N' Roses music due to his so-called departure in 1995 from the "partnership," McKagan, through his highly experienced and highly regarded lawyer, Gary Gilbert, Esq., wrote Rose's lawyer in 1999 (four years after the "departure") memorializing the agreement requiring that decisions regarding licenses be made on a "unanimous basis" among Rose, Hudson, and McKagan (Ex. A).

12. At all relevant times from 1999 to the present, Rose maintained, and Hudson and McKagan recognized an absolute veto over the licensing of any song in the Guns N' Roses catalogue. During the period, thousands of requests for Guns N' Roses licenses have been received and for each of these, Hudson and McKagan recognized that Rose had an agreed-upon veto right. Hudson's and McKagan's new position is directly contrary to the position they have taken thousands of times before.

13. Therefore, an actual controversy exists between Rose and Cross-Defendants as to their respective rights and obligations, in that, among other things, (a) Rose contends that he has the authority to limit the licensing of Guns N' Roses assets, including film, video, licensing, and master recordings and that Cross-Defendants falsely deny that Rose has just authority; and (b) Rose contends that he has the rights in what Cross-Defendants label the "Original Guns N' Roses" partnership, and that Cross-Defendants falsely claim he has no such rights; and (c) Rose contends

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he has not committed any wrongdoing in his protection of the integrity of Guns N' Roses assets and that Cross-Defendants falsely contend otherwise.

14. A declaration of Rose's rights and obligations is, therefore, necessary and appropriate at this time.

SECOND CAUSE OF ACTION

(Breach of Contract Against all Cross-Defendants)

15. Rose hereby realleges and incorporates by reference the allegations of Paragraphs 1 through 14 of this cross-complaint as if fully set forth herein.

16. Rose, McKagan, and Hudson entered into a contract in which they agreed that all decisions regarding the licensing of Guns N' Roses music would be made on a unanimous basis, giving each member the right to veto projects that member deemed to be inappropriate. A letter dated June 29, 1999 from McKagan's counsel evidencing this agreement is attached as Exhibit A.

17. The exchange of promises and the granting of reciprocal veto rights constituted fair and adequate consideration to support the agreement. Rose has fully performed all acts, covenants and conditions under the agreement, except as Cross-Defendants prevented such performance.

18. Cross-Defendants have breached the agreement, by among other things, attempting to approve licenses for Guns N' Roses music over the express objection of Rose.

19. As a proximate result of Cross-Defendants' breach of contract, Rose has been damaged in the sum of at least $250,000, the exact amount to be proved at trial.

PRAYER

WHEREFORE, Rose prays for judgment against Cross-Defendants as follows:

1. A declaration that Rose has the authority to veto the licensing of Guns N' Roses' assets, including film, video, licensing, and master recordings, which he deems detrimental to the interest of Guns N' Roses and its members;

2. Damages in an amount to be proved at trial;

3. That Cross-Defendants take nothing by way of their complaint; and

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4. For costs of suit herein incurred, and/or any such other and further relief as the Court may deem just.

DATED: May 26, 2004

PROSKAUER ROSE LLP
BERT H. DEIXLER
HAYES F. MICHEL

By: _____
HAYES F. MICHEL
Attorneys for Cross-Complainant
W. AXL ROSE

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June 29, 1999

VIA FACSIMILE

Jeremy Mohr, Esq.
Hansen, Jacobson, Teller, Hoberman
Newman & Warren, Hertz & Goldring, LLP
450 North Roxbury Drive
8th Floor
Beverly Hills, CA 91210

Re: Michael "Duff" McKagan-Guns N' Roses

Dear Jeremy:

This is just a short note to confirm our recent telephone conversations to the effect that my client does not agree that decisions should be made on any other than a unanimous basis.

If you would like to discuss this further or if you believe that representatives of the principals should discuss this further, please let me know.

Of course, all of my client's rights are reserved.

Best regards.

Cordially,

Gary L. Gilbert
of BAKER & HOSTETLER, LLP

GLG:rs
76583-00002/Mohrltr006.doc
cc: Michael "Duff" McKagan
Katrina Sirdofsky
Steven Barlevi, CPA (all via facsimile)
Andrew Lurie, Esq.

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PROOF OF SERVICE

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I declare that:

I am employed in the county of Los Angeles, California. I am over the age of eighteen years and not a party to the within cause; my business address is 2049 Century Park East, Suite 3200, Los Angeles, California 90067-3206.

On May 26, 2004, I served the foregoing document, described as:

CROSS-COMPLAINT FOR: (1) DECLARATORY RELIEF; (2) BREACH OF CONTRACT

☒ by placing ☐ the original ☒ a true copy thereof enclosed in sealed envelopes addressed as follows:

Zia F. Modabber
Nayssan L. Parandeh
Katten Muchin Zavis Rosenman
2029 Century Park East, Suite 2600
Los Angeles, CA 90067

☐ (By Fax) By transmitting a true and correct copy thereof via facsimile transmission to

☐ (By Mail) I am "readily familiar: with the Firm's practice of collection and processing correspondence for mailing. Under that practice, it would be deposited with U.S. postal service on that same day with postage thereon fully prepaid at Los Angeles, California, in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.

☒ (By Personal Service)

☐ By personally delivering such envelope to the addressee.

☒ By causing such envelope to be personally delivered to the addressees.

☐ By causing such envelope to be delivered by the office of the addressee by OVERNIGHT DELIVERY via Federal Express or by other similar overnight delivery service.

☐ (Federal) I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

☒ (State) I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed on May 26, 2004 at Los Angeles, California.

Stacy K. Mutrynowski
Type or Print Name

Signature